



County of Los Angeles  
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August 24, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

**WASHINGTON, D.C. UPDATE**

**Labor/Health and Human Services/Education Appropriations Bill**

The annual appropriations bill for the Departments of Labor, Health and Human Services (HHS), and Education funds most of the programs of County interest. Last month, the House passed H.R. 3403, the Federal Fiscal Year (FFY) 2008 Labor/HHS/Education appropriations bill while S. 1710, the Senate version, is awaiting Senate floor action. The House bill includes \$151.7 billion in overall discretionary spending, which is \$7.2 billion more than in FFY 2007, \$10.8 billion more than requested by the President, and \$2.5 billion more than in the Senate bill. Similar to other appropriations bills, the Bush Administration is threatening to veto either the House or Senate versions because their overall funding levels significantly exceed the President's budget request.

Both versions generally would fund programs of County interest in FFY 2008 at or slightly above their FFY 2007 funding levels, as shown in the Attachment, which is a chart with program funding levels. Both houses rejected the President's budget proposals to eliminate the Community Services Block Grant (CSBG). Instead, the House bill increases CDBG funding by \$30 million while the Senate version increases CDBG funding by \$40 million to \$670 million. Both houses also rejected the

President's proposals to eliminate the \$99 million Preventive Health Block Grant and to reduce Social Services Block Grant (SSBG) funding by \$500 million. California uses its SSBG allotment to help fund foster care, child welfare services, deaf access services, and community care licensing.

The House bill increases funding for Ryan White AIDS Part A Emergency Assistance Grants to heavily impacted areas, such as the County, by \$32 million to \$636 million. Part of this increase would be used to cap FFY 2007 losses at no more than 8.4 percent for eligible metropolitan areas and 13.4 percent for transitional grant areas. The main beneficiary of this hold harmless language, which was included at the request of House Speaker Nancy Pelosi, is San Francisco. The County would not receive any hold harmless funding because its Part A funding increased from \$34.9 million in FFY 2006 to nearly \$35.3 million in FFY 2007. A House floor amendment by Representative Barton (R-TX) to delete the hold harmless language was defeated 196 to 230. The Senate version, which funds Part A grants at the same level as in FFY 2007, does not include any hold harmless language.

H.R. 3403 includes language to rescind \$335 million in unexpended balances from funds appropriated in FFY 2006 and prior years for Department of Labor training and employment services, which include Workforce Investment Act (WIA) Adult Training, Youth Training, and Dislocated Worker services. Under current law, WIA funds are available for expenditure by states during the program year and two subsequent years. For California, this means that FFY 2005 WIA funds, which, otherwise, would be available through June 30, 2008, and FFY 2006 WIA funds, which, otherwise, would be available through June 30, 2009, will be subject to rescission under the House bill. The Senate version does not rescind any WIA funds. The State, County, and service providers, in good faith, have planned for the use of WIA funds over the statutory three-year time period. Based on policies in the County's Federal Legislative Agenda to support full funding of WIA programs. **Our Washington, D.C. advocates are opposing the House language to rescind \$335 million in unexpended WIA funds.**

### **State Children's Health Insurance Program Policy Guidance**

On August 17, 2007, the Centers for Medicare and Medicaid Services (CMS) sent a letter to state health officials, clarifying how CMS will review state requests to extend eligibility under the State Children's Health Insurance Program (SCHIP) to children in families with incomes above 250 percent of the Federal Poverty Level (FPL). This clarification letter imposes new requirements that will severely limit the ability of states to use SCHIP funds to extend health insurance to children in families with incomes above 250 percent of the FPL.

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The most significant change is that, in order to serve children above 250 percent of the FPL, a state must demonstrate that at least 95 percent of Medicaid or SCHIP eligible children below 200 percent of the FPL are enrolled in one of those programs -- a participation rate which currently is not met by any state. In addition, states must establish a minimum one-year waiting period without insurance for individuals in families with incomes above 250 percent of the FPL, and impose cost sharing requirements that are similar to those in private insurance plans in order to discourage families from dropping private insurance to enroll in SCHIP. In the letter, CMS stated that the new guidelines will not be applied to current SCHIP recipients, but CMS will use them in reviewing state SCHIP expansion plans, and will require states whose current plans or waivers do not conform to amend their plans or waivers within a year.

California currently serves children up to 250 percent of the FPL and pregnant women up to 300 percent of the FPL under SCHIP (Healthy Families Program). However, the Governor's health care reform plan and AB 8 (Nunez) both assume that SCHIP funds would be available to serve children up to 300 percent of the FPL under an expanded Healthy Families Program. Therefore, the State's health care reform plans are affected by these new guidelines, which jeopardize the availability of SCHIP funds to expand coverage to children above 250 percent of the FPL.

Congressional leaders have indicated that they will pursue legislation to block the implementation of these new SCHIP guidelines. Based on policies in the County's Federal Legislative Agenda to support proposals which would expand SCHIP coverage to more persons and which would provide states with greater flexibility over the use of SCHIP funds, **our Washington, D.C. advocates will support such legislation which would overturn these guidelines which would severely limit the ability of states to expand SCHIP coverage.**

We will continue to keep you advised.

WTF:GK  
MAL:MT:acn

Attachment

c: All Department Heads  
Legislative Strategist

**FEDERAL FISCAL YEAR (FFY) 2008 FUNDING LEVELS  
FOR PROGRAMS OF COUNTY INTEREST IN  
LABOR / HEALTH AND HUMAN SERVICES / EDUCATION APPROPRIATIONS BILL  
(in millions)**

<b>PROGRAMS</b>	<b>Enacted 2007</b>	<b>President 2008</b>	<b>House<sup>1</sup> 2008</b>	<b>Senate<sup>2</sup> 2008</b>
Adult Training	\$864	\$712	\$864	\$864
Youth Training	940	840	940	940
Dislocated Workers	1,190	903	1,190	1,190
Title-V Older Americans Employment	484	350	531	484
Public Health Preparedness Grants	784	698	790	760
Hospital Preparedness Grants	484	408	451	439
Ryan White AIDS Emergency Assistance	604	604	636	604
Ryan White AIDS Total	2,138	2,158	2,237	2,170
Family Planning	283	283	311	300
Preventive Health Block Grant	99	0	109	99
Maternal and Child Health Grant	693	693	750	673
Substance Abuse Block Grant	1,759	1,759	1,794	1,759
Mental Health Block Grant	428	428	441	428
Social Services Block Grant	1,700	1,200	1,700	1,700
Community Services Block Grant	630	0	660	670
Child Welfare Services	287	287	287	287
Independent Living <sup>3</sup>	200	200	200	200
Promoting Safe and Stable Families	345	345	345	345
Refugee Social Services	154	150	154	154
Refugee Targeted Assistance	49	48	49	49
OAA Family Caregivers <sup>4</sup>	156	154	156	156
OAA Congregate Meals <sup>4</sup>	399	383	412	419
OAA Home-Delivered Meals <sup>4</sup>	188	181	194	198
OAA Nutrition Services Incentive <sup>4</sup>	148	147	153	157
OAA Supportive Services <sup>4</sup>	351	351	358	351

**Footnotes**

<sup>1</sup>	H.R. 3403, as approved by the House Appropriations Committee on July 11, 2007.
<sup>2</sup>	S. 1710, as reported by the Senate Appropriations Committee on June 27, 2007
<sup>3</sup>	Includes \$46.157 million for Independent Living Training Voucher Grants.
<sup>4</sup>	"OAA" refers to the Older Americans Act.